



Betty T. Yee, Chairwoman State Board of Equalization

Serving the 8.5 million Californians of the First Equalization District,
comprised of 21 counties along the northern and central California coast,
including the entire San Francisco Bay Area.



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Quarterly e-Newsletter

Thank you for taking the time to read my e-newsletter for the second quarter of 2007. I am pleased to report that my staff, Board of Equalization (BOE) staff, and I have been working hard to bring free informational tax and financial resources to a variety of communities this quarter --- including the youth of San Francisco's Bayview-Hunter's Point community, the LGBT community, and the small business communities in San Francisco, Oakland, San Jose, and Santa Rosa.

I also want to announce that the claim booklets and forms will be available beginning July 1st for eligible low-income seniors and blind or disabled individuals to file for and claim their annual benefit under the Homeowner and Renter Assistance Program.

Finally, as the summer approaches, I note that gasoline consumption was down for the first quarter of 2007 compared to the first quarter of 2006. Although consumption this March was higher than that of March 2006, the gain was not enough to offset the sharp drop in consumption in February. The bad news? Gasoline prices climbed 28 cents above that of the first quarter of 2006. The good news? The higher prices in the first quarter of 2007 generated about \$83 million more in sales tax over the first quarter of 2006. And it appears drivers may be rethinking their modes of travel and/or making shorter trips by car amidst fluctuating prices.

Have an enjoyable, safe summer.

Sincerely,

BETTY T. YEE
Chairwoman

California's Homeowner and Renter Assistance Program May Benefit You

Are you over age 62, blind, or disabled? Did you earn less than \$42,270 in 2006 and rent or own your own home in California?

If so, homeowners can receive up to \$472 in assistance while renters may receive up to \$347 in assistance from the State of California under the Homeowner and Renter Assistance (HRA) Program. The amount of assistance is based on the amount of the claimant's household income.

Administered by the Franchise Tax Board (FTB), the HRA Program is intended to partially offset direct or indirect property tax costs to low-income seniors, and blind or disabled individuals. You can qualify for and receive the HRA benefit even if you do not file a California income tax return. In fact, even if you do file a tax return, you must file a separate HRA claim form.

Those individuals eligible for HRA benefits should file their claims between July 1 and October 15 to receive the benefit payment within 15 weeks. The final filing deadline to claim 2007 HRA benefits is June 30, 2008.

To obtain a HRA Claim Booklet that contains the claim forms, instructions, and eligibility requirements, call the FTB toll-free at 1-800-868-4171, or visit the FTB website at www.ftb.ca.gov.

FORMS 9000H/9000R



Members of the Franchise Tax Board
John Chiang, Chair
Betty T. Yee, Member
Michael C. Genest, Member

Youth in San Francisco Bayview-Hunter's Point Develop Financial Skills

On April 3rd, Board of Equalization (BOE) Chairwoman Yee convened a workshop at Infusion One in the Bayview-Hunter's Point District to expose high school youth to the importance of developing strong personal financial skills to achieve their educational and career goals. Yee notes, "There is no reason why youth cannot achieve financial success if they begin to manage their money now. This means learning how to make money, how to save it, understanding how it is spent, and how to set financial goals."



Workshop presenters and topics included representatives from the Franchise Tax Board on how to file for an income tax refund, the National Foundation for Teaching Entrepreneurship on how to create a plan for turning one's hobby into a business, the Youth Federal Credit Union on saving money and establishing credit, the San Francisco Youth Commission on employment opportunities in San Francisco, and VISA USA on basic personal financial management concepts.

Thank you to Infusion One and our other community partners --- Westside Community Service and Intercity Family Resource Network, Inc. --- for assisting to make this workshop a success.

In-Language Sales and Use Tax Classes Attract New Businesses Owners

Restaurateurs, auto wreckers, auto body repairers, clothing and footwear purveyors, florists, upholsterers, tamale stand vendors, flea market vendors, and grocers --- these are some of the types of businesses represented in the in-language Basic Sales and Use Tax Classes Chairwoman Yee hosted this quarter for business owners from the emerging Latino and Asian Pacific communities in the San Francisco Bay Area.

The classes were conducted in Spanish in the San Jose, San Francisco, Oakland, and Santa Rosa district offices; in Vietnamese in San Jose district office; and in Chinese at the Chinatown Branch of the San Francisco Public Library. Many thanks to the excellent instruction of these classes by the BOE district staff : Moises Barrera, Rosalinda Thomas, Ruth Arceo, Catherine Sorg, Rocio Watteyne, Maria Perez-Vargas, My-Ly Nguyen, Anna Wu, Vy Dang, Vi Nguyen, Jill Crowe, Tiffany Tran, Ping Bui, Carmen Mac, Jim Banh, Rachel Zou, Nancy Li, Sophia Chu, and Precillia Leung.

Yee remarks, "Business owners within our growing ethnic communities are beginning to understand that the BOE can be a valuable resource, working to ensure their businesses succeed, not to shut them down." She looks forward to bringing these classes into various community venues in 2008 so the BOE may enhance its visibility and role as a resource for small businesses.

Yee Represents Board of Equalization at Tax Controversies Conference

The first conference of its kind, "Tax Controversies: A Day with Government, 2007" was convened on May 7th by the University of California (UC) Berkeley Extension to facilitate a dialog between federal and state tax officials and private practitioners. Chairwoman Yee, joining a California taxes and enforcement panel with experts from the Employment Development Department and the Franchise Tax Board (FTB), presented an update on the BOE's enforcement programs, priorities, and initiatives in the area of sales and use taxes, cigarette and tobacco products taxes, and fuel taxes.

Yee states, "This day-long opportunity for government tax officials to interact with private legal and financial practitioners is a useful and informative venue for public and private sector officials to better understand how our federal and state tax laws are being enforced." Conceived by the UC Berkeley Extension, the Berkeley Center for Law, Business, and the Economy, the California Society of Certified Public Accountants, and the practitioners at Klein, DeNatale, Goldner, Cooper, Rosenlieb & Kimball, LLP, other conference panels addressed civil tax controversies in audit, appeals and litigation; criminal tax enforcement updates; fair market value and taxes; and developments in collection alternatives.

Addressing the Tax Gap

The BOE administers 25 tax and fee programs that provide over \$50 billion in annual revenues. The sales and use tax is the largest tax program, comprising over 88% of the total revenues (\$44 billion). Sales and use tax receipts amount to about 96% of the total sales and use taxes owed. Although this represents a high level of compliance, the 4% that is not paid represents a significant amount --- about \$2 billion.

In the next few months, the Board will be considering a variety of approaches to address this tax gap. The gap cannot be closed 100%, but there are strategies that have been utilized in other states that may be useful in California for improving use tax compliance, reducing tax evasion, and addressing under-reporting and non-payment by registered businesses.

BOE staff will continue to seek public input from interested parties on its draft proposals as well as resolve administration and implementation concerns associated with these draft proposals. The Board will likely consider which proposals to adopt at its August 14th meeting. To view a copy of the draft Strategic Tax Gap Plan, visit www.boe.ca.gov.

What is the use tax? What is the use tax rate?

The companion to the sales tax, the use tax is applied to out-of-state purchases of taxable tangible personal property where the seller has not charged California sales tax. Only sales transacted within California are subject to sales tax. The Legislature enacted the use tax in 1935 to ensure that California businesses are not subject to untaxed competition from out-of-state sellers.

The use tax is applied at the same rate as the sales tax rate in effect in the jurisdiction where the purchaser is located.

Hundreds Attend Town Halls on Tax Laws Affecting Domestic Partners

Over 350 people attended the San Francisco and East Bay town hall meetings on tax laws affecting registered domestic partners on April 19th and May 14th, respectively. Convened by Chairwoman Yee, in co-sponsorship with Secretary of State Debra Bowen, Senate President Pro Tempore Don Perata, Assemblymember Sandré Swanson, and community partners Equality California, the National Center for Lesbian Rights (NCLR), and Our Family Coalition, the meetings covered important income and property tax issues for registered domestic partners that may affect their tax and estate planning decisions in 2007, reflected in their state income tax filings in 2008.

Yee, also a member of the FTB, announced new changes in California tax law that give registered domestic partners the same tax filing status as married couples. "It's not too early for registered domestic partners to begin the planning process for filing their state income tax returns in 2008," Yee said. "Allowing registered domestic partners to file their income tax returns in the same manner as married couples is fair and equitable." However, Yee cautions, "Even with this new California law, federal law will still prohibit joint income tax filing for registered domestic partners, in some cases resulting in negative financial consequences."

Thank you to the following presenters for their expertise and insight at the town hall meetings: Todd Vlaanderen, Senior Staff Counsel with the California Secretary of State's office; Steve Sims, Education and Outreach Manager with the FTB; Carole Ruwart, Senior Tax Counsel with the BOE Legal Department; Deb Kinney, Partner with DLK Law Group; and Shannon Minter Price, Legal Director and Vanessa Eisemann, Senior Staff Attorney with NCLR. And a special thank you to David Martin and John Truscott of the BOE's Oakland District office for their tremendous outreach and logistical assistance.



May Celebrations Commemorate Asian Pacific American Heritage Month

May is Asian Pacific American (APA) Heritage Month --- a time to celebrate and embrace diversity and as the different Asian and Pacific Islander cultures share their rich traditions and heritage. However, Chairwoman Yee states, "Asian Pacific American Heritage Month also provides an opportunity for the community-based organizations serving the APA community to shed light on the health, social, and economic challenges the community faces --- challenges that are common among all communities, yet entail issues unique to the APA community. I believe sharing these challenges serve to improve cross-cultural relations and promote deeper understanding of our differences."

Yee celebrated APA Heritage Month at events hosted by Asian Pacific Americans in Higher Education; the Asian and Pacific Islander Family Resource Network; the US Pan Asian American Chamber of Commerce; the Asian Law Caucus; the Asian and Pacific Islander American Health Forum; the APA staff of the United Way Bay Area and its community partners; and the Asian and Pacific Islander Legislative Caucus, which honored several APA community heroes in business, health, and community service on the California State Assembly floor on May 14th.



Yee Raises Awareness of Hepatitis-B in the APA Community

Inspired by the heroism of Commander Bok Pon of Cathay Post #384 in San Francisco, one of the most active veterans organizations in California as well as a vital community support organization, Chairwoman Yee joined Cathay Post #384 in declaring war on Hepatitis-B liver cancer on Memorial Day (May 28th).

Chronic Hepatitis-B is responsible for 80% of all liver cancers worldwide. An estimated one in 10 persons of Asian or Pacific Islander descent has chronic Hepatitis-B infection. Without proper care, one in four persons of Asian or Pacific Islander descent living with chronic Hepatitis-B will die from liver cancer or liver failure.

According to Yee, "Liver cancer represents the area of greatest health disparity for Asian and Pacific Islander Americans as compared to Americans generally. It is important to broaden education and awareness of Hepatitis-B, which is a vaccine-preventable disease."

Afflicted with Hepatitis-B liver cancer, Commander Pon is fighting this personal war with his signature spirit of "service above self" --- devoting all his time to this public awareness campaign. Best wishes and thank you to Commander Pon.



Celebrating Pride!

Embracing and celebrating San Francisco's diversity, Chairwoman Yee and friends marched in the 37th annual LGBT Pride parade in San Francisco on June 24th. Close to 500,000 participants and spectators joined the "Pride Not Prejudice" parade, including state and local elected officials, community-based organizations serving LGBT individuals and families, and corporate partners of San Francisco Pride.

Yee observed, "The Pride parade is not only a celebration of the legal victories won by the LGBT community to further their attainment of true equality, but it is also an opportunity for all to recognize the economic and social contributions by gay, lesbian, transgender, and bi-sexual individuals."



Promoting Leadership and Civic Participation

Chairwoman Yee maintains her commitment to promoting leadership and civic participation, especially among youth and those from our emerging ethnic communities. Toward this end, Yee spoke to participants at the Asian Pacific Islander (API) Summit on April 11th in Sacramento about the state budget process and advocacy. Sponsored by the API Legislative Caucus, the Summit involved over 200 leaders from community-based organizations, public service, and business who convened to identify collaborative ways to address public policy issues of concern to the API community.

Additionally, Yee spoke before API community leaders at Laney College in Oakland on April 21st and before college students at the Student Civic Engagement Conference at California State University, East Bay on May 5th about the importance of becoming involved in one's community and different ways that involvement may occur.

Upcoming Calendar

Mark your calendars for the following events that will occur in the First Equalization District through 2007. All events are free. For specific locations of these events, visit www.boe.ca.gov, or call Chairwoman Yee's office at (415) 557-3000.

July 2007

- 11 Basic Sales and Use Tax Seminar in Spanish (San Jose)
- 12 Basic Sales and Use Tax Seminar in English (San Francisco)
- 17 Basic Sales and Use Tax Seminar in English (Oakland)
- 24 Basic Sales and Use Tax Seminar in Spanish (Santa Rosa)
- 25 Basic Sales and Use Tax Seminar in English (Santa Rosa)

August 2007

- 8 Basic Sales and Use Tax Seminar in English (San Francisco)
- 8 Basic Sales and Use Tax Seminar in English (Salinas)
- 16 Basic Sales and Use Tax Seminar in English (Santa Rosa)
- 21 Basic Sales and Use Tax Seminar in English (Oakland)
- 19 Basic Sales and Use Tax Seminar in Spanish (San Jose)

September 2007

- 5 Women's Financial Conference: Small Business and Personal Financial Planning (Oakland)**
- 6 Basic Sales and Use Tax Seminar in English (San Francisco)
- 11 Basic Sales and Use Tax Seminar in Chinese (San Jose)
- 13 Tax Seminar for Nonprofit and Exempt Organizations (San Mateo)**
- 18 Basic Sales and Use Tax Seminar in English (Oakland)
- 19 Basic Sales and Use Tax Seminar in English (San Jose)
- 25 Basic Sales and Use Tax Seminar in Spanish (Suisun City)

October 2007

- 4 Basic Sales and Use Tax Seminar in Spanish (San Francisco)
- 11 Small Business Fair (San Leandro)**
- 16 Basic Sales and Use Tax Seminar in English (Oakland)
- 16 Basic Sales and Use Tax Seminar in Vietnamese (San Jose)
- 18 Basic Sales and Use Tax Seminar in English (San Jose)
- 24 Basic Sales and Use Tax Seminar in English (Santa Rosa)

November 2007

- 8 Basic Sales and Use Tax Seminar in English (San Francisco)
- 14 Basic Sales and Use Tax Seminar in Spanish (San Jose)
- 15 Basic Sales and Use Tax Seminar in Spanish (Salinas)
- 20 Basic Sales and Use Tax Seminar in English (Oakland)
- 28 Basic Sales and Use Tax Seminar in Spanish (Oakland)

December 2007

- 6 Basic Sales and Use Tax Seminar in English (San Francisco)
- 12 Basic Sales and Use Tax Seminar in English (San Jose)